



**MINUTES OF THE
GLENDALE CITY COUNCIL MEETING
Council Chambers
5850 West Glendale Avenue
May 22, 2012
7:00 p.m.**

The meeting was called to order by Mayor Elaine M. Scruggs, with Vice Mayor Steven E. Frate and the following Councilmembers present: Norma S. Alvarez, Joyce V. Clark, Yvonne J. Knaack, H. Philip Lieberman and Manuel D. Martinez.

Also present were Ed Beasley, City Manager; Horatio Skeete, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk.

Mayor Scruggs called for the Pledge of Allegiance and a moment of silence was observed.

COMPLIANCE WITH ARTICLE VII, SECTION 6(c) OF THE GLENDALE CHARTER

A statement was filed by the City Clerk that the 5 resolutions and 2 ordinances to be considered at the meeting were available for public examination and the title posted at City Hall more than 72 hours in advance of the meeting.

APPROVAL OF THE MINUTES OF THE MAY 8, 2012 CITY COUNCIL MEETING

It was moved by Clark, and seconded by Frate, to dispense with the reading of the minutes of the May 8, 2012 Regular City Council meeting, as each member of the Council had been provided copies in advance, and approve them as written. The motion carried unanimously.

BOARDS, COMMISSIONS AND OTHER BODIES

BOARDS, COMMISSIONS AND OTHER BODIES

This is a request for City Council to approve the recommended appointments to the following boards, commissions and other bodies that have a vacancy or expired term and for the Mayor to administer the Oath of Office to those appointees in attendance.

Ad-Hoc Water and Sewer Task Force

Daniel Leimeter	Cholla	Appointment	05/22/2012	12/31/2012
Bob Richards	Cholla	Appointment	05/22/2012	12/31/2012

Board of Adjustment

Jack Bethel	Barrel	Reappointment	06/30/2012	06/30/2014
Jeff Blake	Mayoral	Reappointment	06/30/2012	06/30/2014
Mark “Ryan” Mander	Sahuaro	Reappointment	06/29/2012	06/29/2014
Jeff Blake – Chair	Mayoral	Reappointment	06/30/2012	06/30/2013
Cathy Cheshier – Vice Chair	Cholla	Reappointment	06/30/2012	06/30/2013

Citizens Advisory Commission on Neighborhoods

Melissa Neighbors	Cholla	Appointment	06/30/2012	06/30/2014
Jonathan Larkin	Cactus	Reappointment	06/30/2012	06/30/2014
Carl Dietzman	Ocotillo	Appointment	06/30/2012	06/30/2014
Joshua Marshall	Cactus	Appointment	06/30/2012	06/30/2014
Cathy Corella	Barrel	Appointment	06/30/2012	06/30/2014
Barbara Cole – Chair	Cactus	Appointment	06/30/2012	06/30/2013
Jonathan Larkin – Vice Chair	Cactus	Appointment	06/30/2012	06/30/2013

Citizens Transportation Oversight Commission

Dorlisa Dvorak	Barrel	Appointment	05/22/2012	07/25/2013
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Commission on Persons with Disabilities

Samuel Hoerner	Barrel	Appointment	05/22/2012	02/27/2014
Alika Kumar	Barrel	Appointment	05/22/2012	02/27/2014

Community Development Advisory Committee

Randy Miller	Barrel	Reappointment	05/22/2012	04/01/2014
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Historic Preservation Commission

Marlowe Myers Garay	Cactus	Appointment	05/22/2012	04/13/2014
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Judicial Selection Advisory Board

Terrance Mead – AZ State Bar	Sahuaro	Reappointment	05/22/2012	04/23/2015
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Library Advisory Board

John Fernandes – Teen	Yucca	Appointment	05/27/2012	05/27/2013
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The recommendation is to make appointments to the boards, commissions and other bodies and administer the Oaths of Office.

It was moved by Clark, and seconded by Martinez, to appoint Daniel Leimeter and Bob Richards to the Ad-Hoc Water and Sewer Task Force; Jack Bethel, Jeff Blake, Mark “Ryan” Mander, and Cathy Cheshier to the Board of Adjustment; Melissa Neighbors, Jonathan Larkin, Carl Dietzman, Joshua Marshall, Cathy Corella, and Barbara Cole to the Citizens Advisory Commission on Neighborhoods; Dorlisa Dvorak to the Citizens Transportation Oversight Commission; Samuel Hoerner and Alika Kumar to the Commission on Persons with Disabilities; Randy Miller to the Community Development Advisory Committee; Marlowe Myers Garay to the Historic Preservation Commission;

Terrance Mead to the Judicial Selection Advisory Board and John Fernandes to the Library Advisory Board, for the terms listed above. The motion carried unanimously.

Mayor Scruggs called those present forward and issued the oath of office.

PROCLAMATIONS AND AWARDS

2012 RUTH BYRNE HISTORIC PRESERVATION AWARD

This is a request for City Council to present the 2012 Ruth Byrne Historic Preservation Award to Ron Short for his dedication to the preservation of Glendale's historic heritage.

The Ruth Byrne Historic Preservation Award was established in 1996. The purpose of the award is to recognize individuals or organizations that have made significant contributions to the preservation of Glendale's historic and cultural resources. This prestigious award is named after Ruth Byrne, a Glendale native, in honor of her dedicated work and ongoing efforts to preserve Glendale's history.

Each year, Council presents the award during the month of May in recognition of National Historic Preservation Month. This year four individuals were nominated for their contributions to historic preservation in Glendale. After careful review and evaluation of each nomination, the Historic Preservation Commission selected Ron Short as the award recipient.

Since his retirement from the City of Glendale in 2010, Ron has emerged as an influential advocate for historic preservation in the private sector. In his current role as Vice President of the Glendale Arizona Historical Society, Ron has been an instrumental part of a very dedicated group of people who educate and promote Glendale's heritage.

Ron actively volunteers for the Historical Society's "Wedding Belles," which is the name for a group of individuals that help facilitate the rose garden weddings performed at Sahuaro Ranch Park. He organizes monthly meetings and programs for the society at historic sites such as the Glendale High School Auditorium, the C.L. Tinker House, the Beet Sugar Factory, and the Thunderbird Air Control Tower.

Recognizing the value of keeping Glendale's history alive, Ron volunteered to write historic preservation articles for the Glendale Civic Pride Ambassadors Newsletter. He also prepared a Glendale Civic Pride Ambassadors grant application on behalf of the Glendale Arizona Historical Society for a bronze interpretative plaque for the Messinger House.

Ron was instrumental in obtaining funding through another Glendale Civic Pride Ambassadors grant application on behalf of the Glendale Arizona Historical Society for procuring historic district metal street signs for the Thunderbird Estates/McDonald Addition, which has given enormous aesthetic value to the community.

Ron assisted in organizing an annual fundraiser for Glendale's Manistee Ranch, which helped to offset the expense of maintaining the house and grounds. This event also helped create public

awareness to the history of this property, which assisted the Glendale Arizona Historical Society in ensuring the preservation of Manistee Ranch. The theme for this event was called “A Day at Manistee Ranch.” The event tied in nicely with the Arizona Centennial celebration.

Ron is also an active member of the Arizona Preservation Foundation, a non-profit organization that promotes statewide historic preservation. The foundation is dedicated to preserving Arizona's historical, archaeological, architectural, and cultural resources. Through this organization and the Glendale Arizona Historical Society, Ron is a participating member of the Annual Statewide Historic Preservation Conference.

Ron has gained the admiration and respect of the community through his tireless commitment to historic preservation. By sharing his knowledge, Ron has made his mark as a true champion of historic preservation. Because of his continuing support and devotion to this cause, Ron has remained an indispensable figure in the Glendale community.

The recommendation is to present the 2012 Ruth Byrne Historic Preservation Award to Ron Short for his dedication to the preservation of Glendale's historic heritage.

Mayor Scruggs called Ruth Byrne forward to assist in the presentation of the award. Mayor Scruggs called Ron Short forward as well as Jacoba Worsdell, Chairperson of the Historic Preservation Commission. The award was presented to Ron Short.

Ms. Ruth Byrne thanked Mr. Short for all the wonderful achievements he has done for the Historical Preservation Committee and the whole Glendale area.

Mr. Short thanked the Council and especially the city staff for their continued support of the Historical Preservation effort.

CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion.

Mr. Ed Beasley, City Manager, read agenda item numbers 1 through 4 and Ms. Pamela Hanna, City Clerk, read consent agenda resolution item numbers 5 through 7 by number and title.

Mayor Scruggs commented that she had speaker's cards for item number 2, so that item would be heard separately.

1. LIQUOR LICENSE NO. 5-5999, BRAVI TUSCAN KITCHEN

This is a request for City Council to approve a new, non-transferable series 12 (Restaurant) license for Bravi Tuscan Kitchen located at 5940 West Union Hills Drive, Suite E-100. The Arizona Department of Liquor Licenses and Control application (No. 12079090) was submitted by Odisho Koryakos Dinkha.

The location of the establishment is 5940 West Union Hills Drive, Suite E-100 in the Cholla District. The property is zoned C-2 (General Commercial). The population density within a one-mile radius is 14,430. Bravi Tuscan Kitchen is currently operating with an interim permit, therefore, the approval of this license will not increase the number of liquor licenses in the area. The current number of liquor licenses within a one-mile radius is as listed below.

Series	Type	Quantity
06	Bar - All Liquor	1
09	Liquor Store - All Liquor	2
12	Restaurant	8
	Total	11

The City of Glendale Planning, Police, and Fire Departments have reviewed the application and determined that it meets all technical requirements.

No public protests were received during the 20-day posting period.

Based on information provided under the background, it is staff's recommendation to forward this application to the Arizona Department of Liquor Licenses and Control with a recommendation of approval.

2. LIQUOR LICENSE NO. 5-6045, THE GLENDALE PUBLIC MARKET

This item was heard separately after the consent agenda items.

3. MATERIALS RECOVERY FACILITY SORTING LINE CONTROL SYSTEM UPGRADE

This is a request for City Council to authorize the City Manager to enter into an agreement for a sole source purchase of a sorting line control system upgrade for the Materials Recovery Facility (MRF) from Advanced MRF Acquisitions Company, a subsidiary of CP Manufacturing, Inc., in an amount not to exceed \$115,537.16.

During construction of the MRF in 1999, CP Manufacturing Inc. was awarded the contract to design and install the recyclables processing equipment including the sorting line control system. The electrical components, computers, and software used to operate the existing sorting line control system are copyright-protected and represent a proprietary design by CP Manufacturing Inc. This company does not license other distributors to distribute or install its software.

Due to the age of the current system and technical advances in control systems components, staff determined it would be more cost effective to upgrade both the electrical controls and the computer software program in order for the entire sorting line system to continue to function properly and efficiently. The sorting line system components must be purchased and installed through CP Manufacturing Inc. and its subsidiary company, Advanced MRF Acquisitions Company, to ensure integration and compatibility with the proprietary computer control system

software. This upgrade project will extend the operational life of the MRF sorting line control system for an additional ten years or more.

The Public Works Department has submitted all necessary documentation to request a sole source procurement, and after careful review, the Materials Manager concurs that a sole source procurement is appropriate under City Code.

In October 1999, Council awarded a contract to CP Manufacturing, Inc. for design, manufacturing and installation of the MRF processing equipment.

Funds are available in the FY 2011-12 operating budget of the Field Operations Department.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
		X	X		\$115,537.16

Account Name, Fund, Account and Line Item Number:

MRF Operations, Account No. 2440-17750-524400, \$115,537.16

The recommendation is to authorize the City Manager to enter into an agreement for a sole source purchase of a sorting line control system upgrade for the Materials Recovery Facility from Advanced MRF Acquisitions Company, a subsidiary of CP Manufacturing, Inc., in an amount not to exceed \$115,537.16.

4. AWARD OF PROPOSAL FOR DEVELOPMENT OF INFRASTRUCTURE IMPROVEMENT PLAN AND DEVELOPMENT IMPACT FEE REPORT

This is a request for City Council to award the proposal and authorize the City Manager to enter into a professional services agreement with Tischler Bise, Inc. in an amount not to exceed \$150,000 for the development of an infrastructure improvement plan and development impact fee report.

Development Impact Fees (DIF) are one-time charges to developers that are used to offset capital costs resulting from new development that necessitate the installation of new infrastructure to serve growth in a municipality. This allows the municipality to provide the same level of service to new growth and to existing residents without shifting the cost of growth related projects to the existing residents.

On April 26, 2011, Governor Brewer signed into law Senate Bill 1525 with an effective date of January 1, 2012. The new law prohibits cities from collecting impact fees in the sanitation, landfill and general government categories. The water, sewer and roadways categories were modified as well, requiring impact fees to be applied to a specific geographic location and have a direct and beneficial relationship to the development. In addition to these specific category restrictions, impact fees cannot be collected or applied to a number of types of infrastructure including aquatic centers, arts and cultural centers, equestrian facilities, golf course facilities, and museums. For the remaining permissible categories, a municipality can only spend impact fees

on certain facilities as stipulated in the law. For example, recreation facilities larger than 3,000 square feet and library facilities larger than 10,000 square feet cannot be used for impact fee calculations, nor have impact fees used for their construction or equipment. It also disallows the use of impact fees for upgrading, updating, expanding, correcting or replacing existing necessary public services to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards.

The new law requires municipalities to replace all existing programs with fees allowable under the law, otherwise impact fees cannot be collected, and municipalities are required to adopt an Infrastructure Improvement Plan (IIP) identifying necessary public services that are the subject of development fees by August 1, 2014. To this end, the city issued a request for proposal (RFP) to engage the one-time services of a consulting firm with demonstrated experience to advise and assist with the development of an IIP, in compliance with the State of Arizona's new state statutes regarding impact fees, and to prepare and write a DIF report based on the IIP for the city. The IIP and DIF report are anticipated to be completed and ready for presentation at a Council Workshop Meeting in early 2013. The timeline allows for appropriate study, discussion, adoption and implementation in order to meet the State mandated deadline.

Three offers were received in response to RFP 12-20 Development of Impact Fees, Infrastructure Improvement Plan and Associated Documents. An evaluation committee consisting of staff from Budget, Building Safety, Planning, Public Works, and Parks, Recreation and Library reviewed the offers. Specific evaluation factors considered in the review included: scope of service capabilities and innovation, experience/capabilities of firm and staff, references, milestone and fee statement, and costs. TischlerBise Inc. was determined to be the most responsive, responsible offer. TischlerBise Inc. has completed DIF reports for Glendale in the past.

On November 22, 2011, Council adopted an ordinance amending the city's development impact fee schedule with an effective date of December 31, 2011.

At the September 20, 2011 Workshop meeting, staff presented Council with an update on Senate Bill 1525 and changes to the impact fee program.

The IIP and DIF report are necessary for the city to be in compliance with new state statutes regarding impact fees. Further, it allows the city to determine and set impact fees so that new development will pay its proportionate share of the impact related to the development.

On November 9, 2011, staff met with representatives of the Homebuilders Association of Central Arizona, and the Arizona Multi-Housing Association to discuss the proposed fee changes and steps required for implementing the new law by August 1, 2014. Each agency concurred with the fee schedule and expressed interest in working with city staff throughout the implementation process. The process of completing the IIP and DIF report will include meetings with the stakeholder community, and public presentations at workshop and evening Council meetings.

Funds are available in the FY 2011-12 capital improvement plan. There are no operating costs associated with this project once it is completed. Under the new State law, municipalities are allowed to use previously collected fees for development of the IIP and DIF Report.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
	X		X		\$150,000

Account Name, Fund, Account and Line Item Number:

DIF Update (Fire), Account No. 1420-77001-551200, \$17,111
DIF Update (Police), Account No. 1440-77300-551200, \$18,083
DIF Update (CW Parks), Account No. 1460-72502-551200, \$4,210
DIF Update (CW Rec Facilities), Account No. 1480-72801-551200, \$4,213
DIF Update (Library), Account No. 1500-74752-551200, \$21,329
DIF Update (CW Open Space), Account No. 1520-70450-551200, \$4,210
DIF Update (Park Dev Zone 1), Account No. 1540-73102-551200, \$4,213
DIF Update (Park Dev Zone 2), Account No. 1560-73403-551200, \$4,213
DIF Update (Park Dev Zone 3), Account No. 1580-73702-551200, \$4,213
DIF Update (Roadway Imps), Account No. 1600-67809-551200, \$41,963
DIF Update (General Government), Account No. 1620-77753-551200, \$26,242

The recommendation is to award the proposal and authorize the City Manager to enter into a professional services agreement with TischlerBise, Inc. in an amount not to exceed \$150,000 for the development of an infrastructure improvement plan and development impact fee report.

CONSENT RESOLUTIONS

5. 2010 ARIZONA DEPARTMENT OF HOMELAND SECURITY GRANT REALLOCATION

This is a request for City Council to adopt a resolution authorizing the City Manager to accept reallocated 2010 grant funding from the Arizona Department of Homeland Security (DHS) in the approximate amount of \$115,000.

DHS has unused 2010 funding and has made it available to the City of Glendale. The Police Department will use this funding to replace a Bomb Squad Emergency Response Vehicle, which will enable them to maintain a high level of preparedness. The current vehicle is due for replacement. The new vehicle will be state-of-the-art and is designed specifically to house, run, and work the specialty equipment that the bomb squad maintains.

Since 1999, Glendale has been able to leverage city funds with grant funds to enhance first responder preparedness. Grant funds have been used to purchase safety equipment to protect first responders, specialized equipment for technical operations, and equipment to enhance communication efforts, as well as to develop preparedness training and to enhance prevention and intervention programs.

On October 25, 2011, Council approved the acceptance of Arizona Department of Homeland Security grants in the amount of \$625,859.

This is one-time funding by the Arizona Department of Homeland Security. There is no financial match required for this grant. There will be no additional ongoing costs associated with the purchase, since the Police Department is replacing a vehicle already in the fleet.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
X					\$115,000

Account Name, Fund, Account and Line Item Number:

A specific account will be established in Fund 1840, the city's grant fund, once the agreement is fully executed.

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the City Manager to accept reallocated 2010 grant funding from the Arizona Department of Homeland Security in the approximate amount of \$115,000.

Resolution No. 4573 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE ACCEPTANCE OF REALLOCATED FFY 2010 URBAN AREA SECURITY INITIATIVE GRANT FUNDS FROM THE ARIZONA DEPARTMENT OF HOMELAND SECURITY IN THE APPROXIMATE AMOUNT OF \$115,000 ON BEHALF OF THE GLENDALE POLICE DEPARTMENT.

6. INTERGOVERNMENTAL AGREEMENT WITH ARIZONA STATE UNIVERSITY

This is a request for City Council to adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement (IGA) with Arizona State University (ASU) for the Smart Policing Initiative.

This IGA will allow the Police Department to collaborate with ASU's Center for Violence Prevention and Community Safety to continue the *Glendale Police Department Smart Policing Initiative* (Initiative).

Together, the Police Department and ASU will identify problems involving crime and disorder, develop and implement responses to the identified problems, and assess the impact of the implemented responses. The Initiative does not take any City of Glendale officers off of the street. ASU professors will guide and monitor the Initiative process and conduct an assessment of the outcome.

Glendale was one of two agencies nationwide that was awarded this grant due to the success with the first two-year Initiative. The first Initiative focused on reducing crime and disorder at certain convenience stores and apartment complexes. This new two-year Initiative will focus on career offenders and organized retail theft.

The Initiative will allow ASU and the Police Department to continue a collaborative approach to strengthen efforts to reduce crime in neighborhoods.

On October 25, 2011, Council approved acceptance of a Smart Policing Grant from the Department of Justice Office of Justice Programs in the approximate amount of \$237,451.

All costs associated with the Initiative and this IGA are covered using funds from the Smart Policing Subgrant from the Department of Justice, Office of Justice Programs.

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement with Arizona State University for the Smart Policing Initiative.

Resolution No. 4574 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE ENTERING INTO OF AN INTERGOVERNMENTAL AGREEMENT WITH ARIZONA STATE UNIVERSITY FOR THE SMART POLICING GRANT PROGRAM ON BEHALF OF THE GLENDALE POLICE DEPARTMENT.

7. INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY FLOOD CONTROL DISTRICT FOR CAMELBACK ROAD STORM DRAIN EASEMENT

This is a request for City Council to adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement (IGA) with Maricopa County Flood Control District (MCFCD), to grant the city an easement at 67th Avenue and Camelback Road.

In March of 2012 the construction of the Camelback Road Storm Drain project was completed. This project is the fifth and final phase of a multi-phase construction project which included the construction of the Bethany Home Outfall Channel and the Bethany Home Road Storm Drain.

Two catch basins, which are a part of the completed storm drain, are located in a private parking lot. Easements for the two catch basins were purchased by MCFCD and are being granted to the city through an assignment of easement. The city is responsible for the maintenance of the storm drain system as part of an IGA with MCFCD. This easement will allow the city access to maintain the catch basins as part of the storm drain system.

On September 10, 2002, Council approved an IGA with MCFCD and the cities of Phoenix and Glendale for the construction of the Bethany Home Outfall Channel, including the Camelback Road Storm Drain, for the city's share in the construction in the amount of \$9,350,000. The terms of the IGA included acceptance of the operation and maintenance of the areas within Glendale.

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement with Maricopa County Flood Control District to grant the city an easement at 67th Avenue and Camelback Road.

Resolution No. 4575 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE ENTERING INTO OF AN INTERGOVERNMENTAL AGREEMENT ENTITLED, “ASSIGNMENT OF EASEMENT” WITH THE MARICOPA COUNTY FLOOD CONTROL DISTRICT GRANTING THE CITY OF GLENDALE AN EASEMENT AT 67TH AVENUE AND CAMELBACK ROAD FOR THE CAMELBACK ROAD STORM DRAIN PROJECT.

It was moved by Frate and seconded by Knaack, to approve the recommended actions on Consent Agenda Item Nos. 1 and 3 through 7, including the approval and adoption of Resolution No. 4573 New Series, Resolution No. 4574 New Series, and Resolution No. 4575 New Series; and to forward Liquor License Application No. 5-5999 for Bravi Tuscan Kitchen to the State of Arizona Department of Liquor Licenses and Control, with the recommendation for approval. The motion carried unanimously.

2. LIQUOR LICENSE NO. 5-6045, THE GLENDALE PUBLIC MARKET

This item was heard separately from the consent agenda.

Susan Matousek, Revenue Administrator, presented this item.

This is a request for City Council to deny a person-to-person, location-to-location transferable series 7 (Bar - Beer and Wine) license for The Glendale Public Market located at 5650 North 55th Avenue. The Arizona Department of Liquor Licenses and Control application (No. 07070360) was submitted by Travis Allen Brown.

The location of the establishment is 5650 North 55th Avenue in the Ocotillo District. The property is zoned M-2 (Heavy Industrial). The population density within a one-mile radius is 19,527. This series 7 is a new license, therefore, the approval of this license will increase the number of liquor licenses in the area by one. The current number of liquor licenses within a one-mile radius is as listed below.

Series	Type	Quantity
06	Bar - All Liquor	8
07	Bar - Beer and Wine	1
09	Liquor Store - All Liquor	4
10	Liquor Store - Beer and Wine	14
12	Restaurant	3
14	Private Club	1
	Total	31

The City of Glendale Planning and Fire Departments have reviewed the application and determined that it meets all technical requirements. However, as a result of information obtained in the course of the background investigation for this application, the Glendale Police Department is recommending denial. The recommendation is based on applicant's failure to meet the public convenience and best interest of the community requirements as set forth in A.R.S. § 4-201(I).

No public protests were received during the 20-day posting period.

Based on information provided under the background, it is staff's recommendation to forward this application to the Arizona Department of Liquor Licenses and Control with a recommendation of denial.

Councilmember Lieberman offered a stipulation to a motion, to not sell liquor during the movie, since that was the only concern on this application. City Attorney Craig Tindall stated that liquor licensing law does not provide for stipulations on liquor licenses.

Greg Dominguez, Assistant Police Chief, presented information. He explained the problem was the city could not stipulate when the alcohol is sold, therefore, it can be sold during the movie. Additionally, it can be bought and taken to anyone in a vehicle. The application is for the Public Market, a daytime business, but since we cannot stipulate when alcohol is sold, it can be sold during the drive in theater operational hours. If a person is even slightly impaired, and the keys are in the ignition, which is what happens at a theater, they are in conflict of the DUI laws at that point.

Vice Mayor Frate thanked Assistant Police Chief Dominguez for his explanation and their reasons for denial.

Councilmember Clark inquired as to the suggestion of fencing off an area.

Assistant Police Chief Dominguez stated he was aware of a discussion of that possibility; however, it was not a part of this application. He would look into it again if there was something on the application for that stipulation.

Andrew McCullough, applicant, with SYUFY Properties, Inc., stated the company has owned this property since the 1970's and have been a good upstanding member of the community. The drive-in has served two generations of customers. He explained SYUFY Properties and their affiliates is the largest operator of drive-in movie theaters in the country with theaters in Nevada, California and Arizona. What they are seeking today was no different than what they do at their other drive-in properties. He added they have never had a liquor license revoked or suspended or ever been cited for any violation regarding the liquor laws in any state or have a history with problems serving alcohol. He referred to the deed restriction offered in the application which states that there will be no service of alcohol after sunset so long as the drive-in is operated on this property. He noted the concern that this restriction may not be enforceable in Arizona. This restriction was enforceable in California and they believed it was also enforceable in Arizona. However, there is no case or statute on point on this matter. In regards to restricting the service

of alcohol to a confined area, they would rather not do so because of how the vendors are spread out throughout property as customers go through the entire 10 acres shopping. However, should the recommendation of denial occur, he would ask that this item be continued so they can have time to revise their application, for a restricted area for the sale of alcohol.

Councilmember Martinez asked if there were any public or flea markets that served alcohol. Mr. McCullough replied yes. He stated a competitor has opened a public market directly across the street from them and they are licensed to sell alcohol. They would like an even playing field. When the public market closes, everyone leaves; there is no cross over between the public market and the drive in theater.

Councilmember Knaack noted the other swap market was in an enclosed building which makes a difference. She expressed her concern of monitoring the large 10 acre area with family and kids running around an outdoor setting, plus the neighboring business doesn't have a drive-in theater onsite. Mr. McCullough explained the restrictions and limits they had in place regarding the sale of liquor to minors as well as their renovation plans for a kiosk from where to sell alcohol products. He added the business across the street was planning to sell alcohol outside the building as well.

Councilmember Knaack asked the City Attorney if the other business would be allowed to sell liquor outside their building. Mr. Tindall replied he was not clear on the matter. He asked Susan Matousek, Revenue Administrator to clarify. Ms. Matousek replied she would have to go back and look at their submitted application which includes the plans of where alcohol can be sold.

Jerry H. Lewkowitz, applicant's attorney, agreed with Assistant Police Chief Dominguez that it would be disastrous if sales were allowed to individuals that come in for a movie; not knowing who the occupants of the vehicles are. However, the bottom line is that they will not be selling beer and wine at the movie; they will be closing at five o'clock. He reminded the Council of the deed restriction offered by the company.

Vice Mayor Frate stated he understands their intentions, however, if someone was to be injured or killed, they will come back and say the city approved it. He believes they would be held liable if the Council approves this, since the Council simply trusted the company to do the right thing. Mr. Lewkowitz disagreed and added the city would not be liable since they are not selling liquor after five.

Councilmember Alvarez inquired as to the deed restriction and if this can be done, and then we can go ahead and approve the application. If we deny the application, they can go to the state anyway.

Mayor Scruggs asked Mr. Lewkowitz to sit down as Council had additional questions of staff. She continued that this would be a good time to confer with staff and asked if Mr. Tindall would answer Councilmember Alvarez's questions?

Mr. Tindall stated the deed restriction would not be legal. However, the question is whether the city has enough interest in that type of property restriction to enforce it if it is enforceable. The other question was issues with state law regarding liquor restrictions.

Councilmember Alvarez asked if those questions could be addressed later on or is it just not possible.

Mr. Tindall noted the city has addressed the questions fully; Arizona law does not give any indication they are enforceable.

Councilmember Lieberman commented on Vice Mayor Frate's remark that the city might be liable if someone might get injured or killed. He stated it simply did not work that way and this was no different from any other liquor license they have approved and the city's liability associated with it.

It was moved by Lieberman to continue the application on this liquor license to one of the next two council meetings, if the applicant can live with that.

City Attorney Craig Tindall stated that due to the time frame requirements the City has to respond to the liquor board, the City would not be able to wait if they were going to take some action. June 2nd is the deadline for a recommendation.

Mayor Scruggs stated that there would not be enough time to have another meeting before the information must be sent to the state.

Councilmember Martinez inquired as to the process and requirements of receiving a liquor license. Ms. Matousek explained the applicant would submit an application to the state; the application is forwarded to the local jurisdiction which will have 60 days to review the application and then submit their recommendation. We do not have the qualifications for the state. Councilmember Martinez expressed his concerns of swap markets applying for liquor licenses all around the city.

Councilmember Knaack stated she disapproves of this application at this point. However, she would consider the application if the liquor was sold in an enclosed area.

Councilmember Clark said she remembers attending movies with her family at this location. She believes Mr. McCullough, Mr. Lewkowitz and SYUFY Company are honorable and believes they will honor their word on what they say they are going to do. However, they as a city need some kind of assurance that creates an enforceable provision and none can be provided since the city cannot supersede state law. She will support their application for a license but would like them to independently develop deed restrictions and start with a fenced area first and eventually develop the enclosed area.

Mayor Scruggs commented that it was a very difficult situation and that Mr. McCullough presented a compelling case. She continued that she did not remember a time when she had ever voted against the police department's recommendation and they don't recommend denial very

often at all; it might be less than five percent probably less than 3 percent of the time. She added that the police department has raised some very, very serious issues and she would not be supporting this because of the police department's position. Mayor Scruggs stated that she did not believe that the state liquor board would support something over the Glendale police department's strong recommendation of denial. She concluded that the applicant could make a nice case and it sounded like they ran a good business; however, she wished that they would have chosen to maybe withdraw the application and work better with staff, but that was her opinion.

It was moved by Lieberman, and seconded by Clark, to forward the application to the Arizona Department of Liquor Licenses and Control with a recommendation to approve the liquor license application. The motion failed. Ayes: Alvarez, Clark and Lieberman. Nays: Frate, Knaack, Martinez and Scruggs.

Discussion held regarding the motion. City Attorney Craig Tindall explained that the motion to approve did not pass, as three voted in favor and four opposed.

It was moved by Knaack, and seconded by Martinez, to send the recommendation to the Arizona Department of Liquor Licenses and Control with a recommendation for denial. The motion carried. Ayes: Frate, Knaack, Martinez and Scruggs. Nays: Alvarez, Clark and Lieberman.

RESOLUTIONS

8. FISCAL YEAR 2012-13 TENTATIVE BUDGET

Sherry M. Schurhammer, Executive Director, Financial Services, presented this item.

This is a request for City Council to review the Fiscal Year (FY) 2012-13 tentative budget and adopt a resolution formally approving the tentative operating, capital, debt service, and contingency appropriation budget.

This is also a request for City Council to give notice of the date for public hearings on the following items:

- The FY 2012-13 final budget;
- The FY 2012-13 property tax levy and the date for the adoption of the FY 2012-13 property tax levy;
- Once Council approves the tentative budget, it will be published in a newspaper of general circulation for two weeks along with a notice of public hearings on June 12, 2012 on the final budget and the property tax levy. Council's adoption of the property tax levy will occur at the June 26, 2012, meeting.
- Council approval of the tentative budget will set the maximum level of expenditures for FY 2012-13. Adjustments and reallocation of appropriation authority may be made after adoption of the tentative budget although the total amount of appropriation cannot be increased.

- Eight Council budget workshops were conducted in February, March and April 2012 to review the draft FY 2013 budget. The City Council budget workbook was prepared to facilitate Council's review of the operating budgets for city departments. The budget workbook materials included a draft FY 2013 budget for each department.
- Two of the budget workshops were conducted in April 2012 after staff incorporated revisions to departmental operating budgets that were agreed upon by Council during earlier budget workshops. These two budget workshops were used to review the City Manager's FY 2013 recommended operating budget and the City Manager's FY 2013-22 recommended capital improvement plan.

FY 2013 Operating Budget. The national recession from which the economy is gradually recovering was felt far and wide in the country. Arizona was particularly hard hit with the bursting of the real estate bubble, steep loss of jobs (particularly in the construction industry), decline in the numbers of individuals moving to the state, and a noticeable fall-off in the state's important tourism industry. The clearest evidence of the recession's impact is in the city's General Fund (GF) ongoing revenue. It peaked at \$184.2M in FY 2008 and is expected to bottom out in the current FY at about \$138M; this is a decline of almost \$46.2M or 25% in the city's GF ongoing revenue.

As a result of this steep drop off in ongoing revenue, FY 2013 is the fourth consecutive year that the GF shows a sizeable shortfall between GF ongoing revenue and GF ongoing expenses including transfers. The annual shortfalls (before balancing measures were implemented) that were presented as part of each FY's City Manager's recommended budget are indicated below:

- FY 2010 identified a \$14.4M shortfall
- FY 2011 identified a \$31.6M shortfall
- FY 2012 identified a \$27.1M shortfall
- FY 2013 identifies a \$35M shortfall

The two principal balancing actions used to address the GF operating deficits were streamlining service delivery and using GF fund balance to offset GF deficits based on a strategic, business-based approach that was phased in over time. This resulted in a mix of ongoing and one-time measures each FY to balance GF ongoing operating expenses, including transfers, against GF ongoing operating revenues.

For example, through mid-January 2012, GF staffing has been reduced by 273 FTEs, an 18% reduction from the FY 2009 peak staffing level of 1,501 FTEs, to 1,228 FTEs. Accompanying these staff reductions have been service and program modifications. Impacts to essential health and safety related services and programs have been minimized.

The FY 2013 recommended operating and capital budgets provide a multi-year path to improved financial stability as the economy improves and the city grows out of the challenges caused by the recession. The recommended budgets also are based on Council's continued vision of one community, and the supporting strategic goals.

On the operating side, the recommended budget provides for:

- Gradual rebuilding of GF fund balance to address the declining GF fund balance.
- Continuation of debt service restructuring to establish a payment stream that is more in line with available resources.
- Continued evaluation of departmental operations to increase effectiveness (adding value) and efficiency (maximizing resources) with reductions in ongoing expenditures where possible.
- Continued stable funding for public safety.
- End of employee furloughs and Memorandum of Understanding deferrals.
- Incorporation of retirement rate changes into the base budget.
- The multi-year path to improved financial stability for the FY 2013 operating budget includes a transaction privilege (sales) tax rate increase of 0.7% to the city's undesignated portion of the rate. This increase will occur across all eligible sales tax categories and will become effective August 1, 2012. Given the information available in March 2012, a five-year forecast of revenues and expenditures that included the additional revenue expected from this action show the General Fund operating budget will return to a healthier position in approximately five fiscal years (2017). This forecast shows a projected ending fund balance of \$14M for the General Fund in 2017. Based on this forecast, Council should explore the possibility of repealing all or some of the tax increase at that time.
- Other revenue enhancements to be implemented with the FY 2013 budget include an increase to the transient lodging rate (bed tax) from 3.4% to 5.0% with the increased revenue allocated for tourism promotion and related expenses. Other revenue enhancements to be implemented with the FY 2013 budget include adjustments to various fees for the use of the Civic Center and the Parks, Recreation and Library Department programs and services.

Highlights of the FY 2013 budget include no rate increases for water/sewer or sanitation and landfill services, as well as continuation of:

- Current operating hours for the city's libraries;
- Swim programs at the city's two aquatic facilities, Rose Lane Aquatic Center and Foothills Recreation and Aquatic Facility;
- Funding for filled sworn positions in police and fire; and
- Operating hours and maintenance for existing parks and sports fields.

FY 2013 Capital Budget. On the capital side, the recommended budget provides for a path to improved financial stability for the general obligation (G.O.) bond program that includes a secondary property tax rate increase of 0.3054 for FY 2013. As presented to Council during the April 23, 2012 budget workshop and in the City Manager's Recommended FY 2013-22 Capital Improvement Plan memo, the FY 2013 secondary property tax rate increase of 0.3054 is step one of a two-step rate increase that will be staggered over two FYs, with step two being implemented for FY 2014 after Council's review.

- The higher secondary rates are expected to be in effect through FY 2017 based on the most current information available about future assessed valuation for property within

Glendale's corporate limits. These higher rates are required to pay for existing debt service for the G.O. bond program; no new G.O. bond sales are planned through FY 2017.

- This rate change means the city's secondary rate will increase from \$1.3699/\$100 of assessed valuation to \$1.6753; the city's primary property tax rate will remain unchanged at \$0.2252/\$100 of assessed valuation. The city's total property tax rate will change from \$1.5951 to \$1.9005/\$100 of assessed valuation.
- One widespread and long-lasting impact of the recent recession is the unprecedented decline in real estate values. While this is true across the country, Arizona is consistently categorized as one of the hardest hit states for real estate value declines, along with California, Nevada and Florida. In Glendale, the impact has been especially challenging. The downward trend is expected to continue through FY 2014, the fifth consecutive year of property valuation decline, when Glendale's secondary assessed valuation is estimated to drop to \$1.05B (the FY 2014 figure is based on the preliminary notices from the Maricopa County Assessor's Office). The \$1.05B low will represent a 52% decline from the peak of \$2.2B in FY 2009. This unprecedented decline was unimaginable just a few years ago and certainly could not have been predicted based on a long history of changes in assessed valuation.

Organizational Changes to be Incorporated into the FY 2013 Operating Budget. Effective with the FY 2013 final budget, the following organizational changes will be made to realign operations to more closely match the needs of our external and internal customers and to reflect changes to processes to make them even more effective and efficient:

- The Materials Management (purchasing) Division will move from the Compliance and Asset Management Department to the Financial Services Department. This move protects the independence and impartiality of the audit staff.
- The Materials Control Warehouse Division will move from the Compliance and Asset Management Department to the Public Works Department. This relocation pairs similar operations together for greater synergy within Public Works.
- As a result of the changes addressed in the prior two bullet points, the name of the Compliance and Asset Management Department will change to the Internal Audit Department.
- The Mapping and Records Division will move from the Public Works Department to the Planning Division within the Community and Economic Development Department (see below). This relocation pairs similar GIS and mapping operations together for greater synergy.
- In an effort to provide more seamless continuity for development projects from inception to certificate of occupancy, as well as increase communication and customer service for both internal and external clients, the current Planning and Building Safety Departments

will move from the development services area to report through the current Economic Development Department. As a result of this change, the current Economic Development, Building Safety and Planning Departments will be combined and work collectively under the new Community and Economic Development Department to provide an opportunity to be even more effective and responsive to businesses despite the significant combined reduction in workforce.

- As a result of the changes addressed in the prior bullet point, the current Development, Neighborhood and Human Services Department will change to the Neighborhood and Human Services Department. In addition, the remaining staff and functions of the current Neighborhood Partnership Office will move to the Code Compliance work group.
- The emergency management component of the homeland security function in the Police Department will move to the Fire Department; the Police Department will retain the homeland security component within its other operations

The FY 2013 budget reflects the reorganization that became effective in June 2011 with the revisions identified in the preceding bullet points. The resulting departments, therefore, are the following for FY 2013 (in alphabetical order):

- City Attorney's Office
- City Clerk Department
- City Court Department
- City Manager Department
- Communications Department
- Community and Economic Development Department
- Financial Services Department
- Fire Services Department
- Human Resources and Risk Management Department
- Intergovernmental Programs Department
- Internal Audit Department
- Mayor and Council
- Neighborhood and Human Services Department
- Non-Departmental
- Parks, Recreation and Library Department
- Police Services Department
- Public Works Department
- Technology and Innovation Department
- Transportation Services Department and
- Water Services Department.

Previous Council/Staff Actions:

- The 8th budget workshop occurred on April 23, 2012.
- The 7th budget workshop occurred on April 17, 2012.
- The 6th budget workshop occurred on April 3, 2012.

- The 5th budget workshop occurred on March 20, 2012.
- The 4th budget workshop occurred on March 6, 2012.
- The 3rd budget workshop occurred on February 28, 2012.
- The 2nd budget workshop occurred on February 21, 2012.
- The 1st budget workshop occurred on February 14, 2012.

At the January 10, 2012 Council meeting, an ordinance was adopted authorizing the refunding/restructuring of outstanding water/sewer revenue obligations and Municipal Property Corporation (MPC) excise tax revenue bonds and authorizing the issuance of these bonds in an amount not to exceed \$99 million and \$70 million respectively.

At the January 3, 2012 Council workshop, staff presented the debt management plan and options related to refinancing outstanding MPC debt and refunding outstanding water/sewer debt.

Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concise view of the city's direction for public services, operations and capital facilities and equipment. It also provides the community with a better understanding of the city's ongoing needs for stable revenue sources to fund public services, ongoing operations, and capital facilities and equipment.

The budget provides Council, residents and businesses with a means to evaluate the city's financial stability.

The material that was reviewed in the budget workshops is contained in the budget book posted with today's meeting agenda.

The annual budget (all funds) for the city is divided into four major components that include all appropriations. The total budget, including all four components, is \$579 million for FY 2013. The four components and their respective total amounts for FY 2013 are as follows:

The *operating budget* finances the day-to-day provision of city services and totals \$347.7 million.

The *capital improvement budget* funds the construction and repair of city assets including roads, public amenities and other infrastructure throughout the city. The capital improvement budget totals \$106.2 million.

The *debt service budget* is used to repay money borrowed by the city, primarily for capital improvements, and amounts to \$86 million.

The final component of the budget is the *contingency appropriation*, which is made up of fund reserves and is available to cover emergency expenses or revenue shortages should they arise during the fiscal year. The contingency appropriation for this fiscal year totals \$39.1 million.

The total budget of \$579 million represents a decrease of 9.2% from the FY 2012 total budget of \$638 million. The decrease is the result of operating and capital budget reductions to address constrained revenues.

The recommendation is to waive reading beyond the title and adopt a resolution approving the FY 2012-13 tentative budget; directing publication of the tentative budget; and giving notice of the date for public hearings on the final budget and property tax levy and the date for the adoption of the property tax levy.

Horatio Skeete, Assistant City Manager, provided the introduction. He said Council approval of the tentative budget will set the maximum level of expenditures for FY 2012-13. Because of time issues, staff will not be able to present the traditional budget book council is accustomed to seeing. However, the information provided in the packet is sufficient information and contains all required information according to state law to approve the tentative budget. The action requested tonight is to set the maximum expenditure limit. He explained this was not a vote on the property tax or sales tax increases, or a vote on the bed tax increase being proposed. Those actions will come to Council at the June 12th evening meeting for action. Another difference is the addition of recital number four which is different from previous years. The City Attorney has recommended, and staff was in full support of, the recital that restricts the city manager's authority to make adjustments and transfers between departments as is regulated by the state law and the City Charter. Of note, the City Manager does have discretion to exercise some movement of appropriation between line items within any particular department. He restated city management cannot authorize and move appropriation authority between departments per the regulations of state law and the City Charter.

Sherry M. Schurhammer, Executive Director, Financial Services, presented the tentative budget for fiscal year 2013. Council approval of the FY 2013 tentative budget will set the maximum level of expenditures for the next fiscal year. The purpose is to establish the maximum amount of revenues and expenditures. Adjustments from this point forward can be made as long as the maximum amounts remain unchanged or are decreased. They cannot be increased. No tax increases are occurring with the adoption of this tentative budget; these are coming in the June evening meetings. The council consensus and direction as provided in the eight public budget workshops and summarized in the April 23rd meeting is incorporated in the FY 2013 budget, both on the reductions side and the fee adjustment side.

The FY 2013 recommended operating and capital budget provides a multiyear path to improve the city's financial stability as discussed with council. On the operating side, the recommended budget provides for gradual rebuilding of the fund balance over a five year period, continuation of debt service restructuring, continued evaluation of departmental operations, and continued stable funding for public safety, end of employee furloughs and MOU referrals, and incorporation of retirement rate changes. On the capital side the budget provides a path to improved financial stability over a five year period for the general obligation bond program, to pay existing debt service. Highlights include no rate increases for water sewer, sanitation or landfill, continuation of important city services such as current operating hours for libraries, the swim program at two major aquatic facilities, continued funding for filled sworn positions in

both police and fire, and the same operating hours and maintenance for existing parks and sports fields.

The recommendation is to waive reading beyond the title and adopt a resolution approving the FY 2013 tentative budget; directing publication of the tentative budget in the Glendale Star; and giving notice of the date for public hearings on the tentative budget and property tax levy, and the date for the adoption of the property tax levy and the final budget. Council's adoption of the property tax levy will occur at the June 26, 2012, meeting.

Ken Jones, an Ocotillo resident, remarked that when you borrow a lot of money, you have to pay it back with interest. That is not cheap. He wondered how much professional sports were costing Glendale and believes it was close \$2 billion. The proposed budget is one more step to finish ruining the city's finances. If we don't delete the \$17 million they were planning to give the Coyotes as a handout we will be permanently damaged. It is doing damage too many people. He noted the Coyotes should pay their own way and we won't even need to change city sales tax. I can't imagine why you keep supporting hockey.

Arthur Thruston, a Cactus resident, provided an update on the Coyote score which was tied 3-3. He stated that Ken Jones made a remark in the Wall Street Journal which stated "if you need a poster boy for how to pour your whole budget down the drain of professional sports, Glendale is the place." He also mentioned the remark from Don Kimmerle of Sanderson Ford which stated he felt betrayed because of all the support he had given to the Coyotes when the city has turned on him with possibly increasing sales taxes. Mr. Thruston noted Sanderson Ford cannot compete with other cities with a tax hike. He discussed how the city has cut programs in order to provide for the hockey team and sports. He said the blame lies on the shoulders of Clark, Frate, Knaack, and Martinez and they will make the decision that will affect Glendale families for the next 20 years. Mr. Thurston read several newspaper titles and articles regarding Coyotes and NHL.

Manuel Cruz, a Yucca resident, stated should this item pass; he believes the quality of their lives in Glendale will be negatively affected for many years to come. As a citizen in Glendale, he opposes this budget.

Mayor Scruggs called for questions from the Council.

Councilmember Clark stated she would like to clear up some things from her perspective. She explained that while reviewing the budget book, she had listed the entire city's long term debt. She noted most of the MPC debt does not come due until 2033. Most of the debt is over the next 25 years. She stated the city's total debt for 2013 is \$88,453,638. Of that amount, 19% is MPC debt or \$16 million; 28% of the debt is for the issuance of general obligation bonds or \$25 million; 24% of the debt is for water and sewer infrastructure or \$21 million; 5% is for street and highway repayment of bonds or \$4 million; 15% is public facility corporation debt or \$13 million, and 8% of the debt is transportation bonds or \$7 million. The G.O. bonds issued over the past 10 years have paid for such things as the Foothills Recreation Center, Adult Center, new fire stations, Gateway Police Station, Regional Public Safety Training Facility, and Grand Canal Linear Park, just to name a few things. This year the city has to pay \$25 million on those bonds which come from the capital improvement projects paid with property taxes; however, the

amount of property taxes we take in has gone down 50% or better. She noted the city simply did not have enough funds to pay the debt on the G.O. bonds for capital improvement projects. She remarked this was a factor of the economy and not because the city did something wrong. She provided information on what the different bonds provided the city and reiterated the city had done nothing wrong with the issuance of these bonds and the problem occurred because of the recession. This is over a 20 to 25 years period and only a very small portion can be attributed to the Coyote issue.

Councilmember Clark stated the first fact related to the Coyote's arena management fee that should be known was that the city's funding deficient without the proposed arena management agreement would only be between \$3 and \$7 million lower than currently projected. Therefore, if they take the Coyotes out of the equation, it only lowers the city's deficit by \$3 to \$7 million than is currently projected. She explained they were not approving the final budget with a sales tax or property tax increase tonight, but only setting the upper limit spending levy of the city. She realizes that at the June meetings there will be many people speaking against and for the proposed budget for FY 2013. She noted she was the only member on the Council running for re-election and yet she supports the proposed sales and property tax increases. She knows this possibly was not the smartest thing to do, however, she strongly believes it was the right thing to do at the right time, right now. The property taxes need to go up to pay for all the amenities they all enjoy. The sales tax has to go up, at least in the short term, because she believes the city is spending more than they are taking in. This is probably the most important issue they have had to deal with in the past 20 years. She noted the city has lowered property taxes when appropriate and that may be part of the problem they are now facing. The city lowered property taxes when times were good but now times are bad and they need to be raised. She discussed the amount of time the Council spent on the budget in order to keep as much of the amenities for the citizens as possible while trying to cut cost and balance the budget. She noted they kept library hours, did not raise water and sewer rates and kept fire and police intact. Instead of raising taxes 4 years ago, we used our rainy day fund. It was used in hard times, as it was intended for that. She supports and will approve the tentative budget presented today as well as the final budget.

Councilmember Alvarez stated she somewhat agreed with Councilmember Clark on supporting the budget. However, she would like to make everyone aware of some numbers. In 2004, \$8.9 million was spent on the Coyotes; in 2005, \$8.1 million; in 2006, \$8.2 million; in 2007, \$8.5 million; in 2008, \$9.1 million; in 2009, \$9.9 million; in 2010, \$9.7 million; and in 2011, they were given \$9.6 million; and then the city gave them \$25 million. In 2012, the city gave them an additional \$25 million. She explained she was not against having the Coyotes in Glendale if we had the money. She remarked on the furlough situation and now the layoffs, as well as budget cuts that had occurred before this budget cycle. She believes the tax payers should get the services. She further added that management has tried to comply with this effort; however, the Council was responsible for any policy or votes that got approved. She stated she cannot, with a clear conscience; vote to put additional money into the arena while having furloughs and layoffs in the city. She noted they cannot blame it all on the economy and believes the Council did some things that were not smart. Therefore, they cannot wash their hands now and blame staff, since staff receives direction from Council. She doesn't believe this is the right thing, and it is time to start thinking about constituents, and don't pass the buck on staff. We have employees who have been terminated. Our staff is good, we have to take a little of the blame.

Councilmember Lieberman stated the budget proposed is based on raising two types of taxes, property and sales. The sales tax will go up 0.7%, and the personal property tax will go up from \$1.5951 to \$1.90 per \$100 for this year and possibly another .30 cents in 2014 which will make it \$2.21 and one of the highest in the state. He appreciates Councilmember Clark's comments but he has been an anti-Coyote for some time. He read from the budget packet, explained the city's indebtedness with and without interest, which figured in the billions and is impossible to pay back. He discussed how the sales tax increase will adversely affect the two major car dealerships in Glendale. He read from a prepared letter from Mr. Kimmerle, Sanderson Ford, regarding the proposed sales tax increase, making it impossible to compete in the automotive business. He explained these tax increases will drive businesses out of Glendale because the neighboring cities can sell a car for less. He was a business man who did not sell anything to or take any money from the city. He stated he cannot support the budget with the money for the Coyotes when it could be paying for the new courthouse and west library as well as many other things the city required. Additionally, he will not support the budget because of the proposed sales and property tax increases. He supports leasing the arena to managers and producers and believes they can make a profit doing that instead of subsidizing hockey. He said the Council had recently received a letter from an outside group offering to take over 26 nights a year at the arena. The city cannot afford to keep hockey in Glendale, therefore, he will not support the budget as presented. He noted these were not kind words and not words he wanted to say since he had voted to approve the budget 20 straight years in a row, but he cannot support the budget.

Mayor Scruggs agreed with Councilmember Lieberman and his comments that it was a very important night and she understands that each councilmember would like to comment to explain their positions and future votes. At this point, she called for a 10 minute recess.

Break - 10 minutes.

Mayor Scruggs called the meeting of the Glendale City Council of May 22, 2012, back to order. She continued that it was Councilmember Martinez's turn to speak.

Councilmember Martinez noted there was no doubt this has been one of the most critical periods in Glendale's history. Of the years he has been on the Council, this budget is unlike anything they have experienced in the past 15 years. However, he would like to expand on a few items. He believed Councilmember Clark had done an excellent job explaining her position and he supports it. He noted she also did a good job explaining the debt service and the payments for the arena. He explained that whatever happens, the debt service stays with the arena and Glendale, and does not go away. He noted for some reason everyone is zeroing in on the lease arena payment. However, the general fund peaked at \$184.2 million in 2008 and this year it is expected to bottom out at \$138 million. This is about \$50 million less in revenues. He explained the sales tax has also gone down as well as the state shared revenues. Property taxes are also at an all-time low. He said that in 2009 the assessed valuation in Glendale was \$2.2 billion and in 2014 it will be down to \$1.05 billion resulting in decreasing by about half the revenues received from property taxes. He remarked that all these are factors that have contributed to the city's issues not just the problem with the lease and management of the arena. He firmly believes that without the arena it will cause the city a lot of problems in the future. Many cities would like the

opportunity to have something like the arena as a draw, for concerts and all kinds of activity. He stated the potential in 20 years will look very different since the economy is improving. Overall the right thing to do is to approve the preliminary budget tonight and approve the whole budget in June. He will vote to support this item tonight. He mentioned all the negative publicity the city has received; however when this started 9 years ago, they were called visionaries. Citing from a favorite quote, he said, "you don't make decisions because they're popular, you don't make them because they're easy, you make them because you think they're right." He firmly believes he is making the right decision when he votes to support the preliminary budget.

Councilmember Knaack stated she agreed with Councilmember Martinez's remarks. She indicated she still contends the arena was built for hockey and it's the city's property. She explained that the figures Councilmember Alvarez disclosed on the arena was the debt service, the mortgage on the property the city has to pay. She commented on the problems of the recession and the budget but believes the future is bright. She believes the new owner will bring other events to build up that area. She said she has always been opposed to raising taxes but the 7/10th % will help other businesses and was the reason she agreed to raise the sales tax. However, she hopes this is only temporary but sees no other way at this point. She can see these taxes reevaluated every year, and brought back down like they had in previous years. She commented on the eight meetings the Council had regarding the budget which gave everyone the opportunity to know every department and their function and concerns. She noted the reviews and evaluations of the budget were very difficult to go through, especially the layoff recommendation. Even though this is a very difficult time, she will support the preliminary budget as presented and will vote to approve it in June.

Vice Mayor Frate noted that a lot of figures had been thrown around; some were correct while others were not. He stated some individuals provided good figures while others said crazy things without taking the time to listen to the Council and their positions. He stated there were two ways to react to adversity; they could start wringing their hands and act scared, or they could start making the tough decisions having all the information available from their staff and advisors. They are the ones who make policy decisions. He takes full responsibility for the decisions made. He remembers that in 2003 when everything was good and the economy was booming, they were the visionaries. However, now that things get a little tight because of the budget, they should all just jump ship and abandon hockey. He questioned the contract recently mentioned that will provide 26 events for the arena. He stated that Phoenix and other cities had their layoffs a few years ago and wonders if Glendale should have done the same thing back then instead of using their savings to hold them off. He said most employees support the Coyotes in Glendale and have told him to stay the course. Therefore, he will support the tentative budget. He understands the issue with the car dealership and their problems. He said he had been willing to have several meetings with them; however, they were all out of town on vacation for a few weeks. He has a meeting set up, and hopes for a conclusion. He remarked that when people asked him why he was voting this way, he answers because he believes he was right in his decision and wants to move the city forward. He wants to see some action.

Mayor Scruggs stated that she would not be supporting the budget. She said while she has multiple reasons she will comment on just two. She would not support the budget because it includes an arena management fee of \$17 million. She continued that some people are asking

why she has now changed her mind. She has been saying the same thing for at least a year. She said that she was talking with someone she has known for a long time and is in the public policy government affairs world here in the region. She continued that he commented on how people were wondering why she changed her position and she told him that they had not been listening. She stated that she changed her position because in 2001, the city did something that was extremely visionary; something that was different than what had been done over the previous years. In 2001, the city entered into an agreement whereby a multi-purpose facility would be built so that in return the city would have a shopping center that was critical to the city at 59th and Northern redeveloped. And the city would have over 200 acres of land around the arena developed so that unlike other cities, Glendale would use that short amount of space, three miles of the city along the 101, for commercial endeavors so that revenues could be generated for the future growth of the city. The agreement in 2001 was to build the arena and have absolutely nothing to do with the operating cost of that arena, absolutely nothing. The city did not pay for anything there, not for the electricity, not to sweep the floors, and not for anything. The owners of the team were the managers of the arena and they were responsible for all the operating costs. Now, they also got the operating revenues which offset those operating costs to a great deal. But they owned a team and the team just loses money. So it became a problem for them. They split up and what happened was they put it into bankruptcy and so forth.

Mayor Scruggs commented that she was trying to find some of the mountains of media from 2001. She just found one; the first one came from the Glendale Star, April 26th 2001 and it explains all this. But now things are entirely different. Now the city has been paying the NHL a subsidy to operate that team. The first year that they came to us it was like a lifeboat, like a life preserver because that team was thrust into bankruptcy and the time limit when it would be moved were almost coincidental. As time has gone on, these bids that the city received as well as the NHL's requirement of \$25 million has stretched this city's general fund budget beyond what it can stretch. Absolutely, that's why the city is borrowing from other funds Council is finding out now. About a year ago, after the last year fell through, Mayor Scruggs said, okay this is it. She would not be doing this again. And she tried to get information about operating costs. What is the cost to operate the arena without the team there? Well it was impossible to get those. Nobody wanted to help get those and actually maybe it was kind of good because what she was forgetting is she was asking what are the costs but she was not asking what are the revenues that come with it. Little by little, she started picking up pieces of information here and there. She started putting the puzzle together but the critical piece of information came on April 21, 2012 and in that piece of information there was actually an income summary sheet of arena Management LLC for Jobing.com arena. At that time it was really at its lowest point, because the owner was losing a ton of money. The owner did not have the energy, or the interest, to really invest into making the arena be all that it could be. But still, in spite of all of that, this income summary, this operating summary sheet showed that their operating losses were less than \$5 million for the period ending April 30, 2009, if you didn't include hockey.

Mayor Scruggs continued that was really the critical piece of information. But along with that piece of information or that packet of information Council received was very interesting. It was about the Coyote hockey team financial assistance plan; I think that's what it was called. And there was an analysis already in the works starting with the \$25 million figure. Why was that? Why all of a sudden are we starting with this \$25 million figure? And since then, every bid that

came in from a prospective buyer, and she was excluding the current one being dealt with right now, but every bid that came in, including the ones from the NFL, cost \$25 million. She actually asked one of the bidders, what does it cost to run the arena? And the answer was between \$12 and \$13 million gross. She didn't ask the important question about the operating revenues. She asked why the extra money was needed and was told that the investors need to make a profit or else they won't invest. This was in a meeting, Councilmember Martinez was there, Mr. Beasley was there, and Mr. Skeete was there. So, that is pretty much proof solid as far as she is concerned. The vision, the vision is being followed. The vision was that the old mall at 59th and Northern would be redeveloped. The vision was that the City would create a high energy mix-use center for employment, entertainment, shopping, commercial everything at the site of Westgate. And that vision was created. The economy stopped the development. So, then it's asked, so what are you going to do, just fold up your tent and go away? No, no. The argument is we need that Coyotes traffic. That Coyotes traffic for the past year based on the released figures of the average attendances were 509,220 coming to the arena that we hope will stay and shop and eat at Westgate. She submitted that the Tanger Outlet Malls will bring 10 times that many people. And they will have a lot more time on their hands because they are not going to get out of the game at 10:00 o'clock at night and they need to get home to get to work tomorrow. So the traffic will definitely be there. She strongly believes that with the right arena management, that arena can be booked. There might not have the glamour of a professional sports team but she believes it can be booked and booked far more than what is happening right now plus the 41 nights. She believes that with her entire heart.

Mayor Scruggs commented that she was talking earlier, people were saying, well so what? So we don't have - you know concerts and big time entertainment, who cares? She continued that what she would like is to draw people to come there to spend money in the surrounding areas. She doesn't care if Justin Bieber is there or not. She continued that Councilmember Clark asked a few meetings ago, "well, what do you want there, a car show?" "Yeah, a car show is great, that brings about 50,000 or 100,000 people. When people come to something like that, they have more time on their hands so she does believe that we can better serve, "we" meaning the citizens of Glendale and the finances of Glendale, better serve by that arena being used in some other way and there are numerous ways that can happen. Now, there have been statements made that without the Coyotes the center is just going to dry up and go away. Well first of all she thinks that the owners of the center have some real responsibility. Whether they have to lower their rents to their tenants or whatever; they have some responsibility to draw people down there. Mayor Scruggs commented that she didn't take the oath of office to bring people to Westgate, so the managers have some responsibility. She commented on the Park West Shopping Center at 99th Avenue and Northern. She said it's a beautiful center, they have a movie theater, but Westgate has a movie theater, and Park West has about thirty businesses, they have a lot of great restaurants including Flemings. How about the Agua Fria Deer Valley Village, that is along the 101 between 35th and 27th Avenue? That is a huge area, lots and lots of restaurants. And they have a movie theater there and they have a lot of businesses and shopping. These are centers thriving without a hockey team. She concluded that it definitely can be done but it has never been given a chance because only one model was used.

Mayor Scruggs said she wanted to look at the general fund balance. Glendale ended FY 2006 with \$72.5 million in what might be called the rainy day fund, or the general fund balance, or it

might be called the contingency fund or whatever you want to call it. It was there for the hard times. Well it's sure used up. The City is going to end this fiscal year with \$2 million. There is no room for error. During the budget sessions that were just concluded in April, that fund balance was projected to be \$4 million. She asked what happened. Well since the budget meetings it seems that the City had to settle an airport lawsuit claim which took half of the general fund balance. So now the City is down to just \$2 million, where does the City of Glendale go to find funds to pay the next unplanned expense? The general fund balance before it got this low, before the \$5 million which was going to be transferred out in an item later in this agenda to pay the NHL for this year's running of the arena. The general fund balance lead to the city's bond rating downgrade in January 2012. This is stated in the city manager's letter in the budget. The letter went on to say that this is a signal that the City must begin rebuilding the city general fund balance. The staff's plan that was presented April 23rd builds the general fund balance to only \$14 million in FY 2017. And that will only happen and this is the next critical area, if the baseball bonds are restructured as proposed. She apologized for not finding the exact amount but she believed the next general fund savings that was built in was \$9 million per year. Mayor Scruggs asked if that was the correct amount. She asked Mr. Skeete if he remembered.

Mr. Skeete stated it was \$13 million this fiscal year and then \$9 million for the next two years.

Mayor Scruggs asked how much the restructuring is supposed to gain or save the general fund.

Mr. Skeete stated the projection was \$13 million over the five years period.

Mayor Scruggs stated that in one year it's only going to save what? She understood there to be much larger savings. She continued that the baseball stadium funds have to be put out to be restructured, they have to be bought out into the open market at a rate that will cause the city to pay less on the bond debt each year. She contends that it is unrealistic to assume the market that downgraded our bond rating in January, will look favorably on those bonds with no development income to pay the debt. So what happens then? If the City Council already enacts a 32% sales tax increase putting Glendale far above neighboring cities, will it then pile on more if that restructuring doesn't take place because the budget is built with that? The City should not solve the need for money by taking others money. In talking about this being a five year plan with a sunset clause in five years, it is really unrealistic. Buckeye did that about three years ago, I think, oh it's just a temporary tax and they voted two weeks ago to make it permanent. The state did the 1% three year tax that voters voted on and it was put into the constitution so they can't keep it going. But, there is one proposal out there and another in the works to raise the tax 1% to make up for the 1% that's going to go away. Why? Because there's a cliff, there is no plan in the City's budget for falling off that cliff in five years. In five years we're still only going to have \$14 million in our general fund balance which is less than our financial policies in the past have said we should have in the first place. Mayor Scruggs continued that the City of Surprise has taken a different approach. They said no tax increases, no fee increases, we have all read about their problems and their either \$16 or \$18 million deficit and a general fund balance down to zero. In 2014, their general fund balance is going to be back up to \$14 million. So there are ways to deal with things if you don't have to pay a management arena fee. Mayor Scruggs stated that she would not be voting for this budget tonight because she didn't want to set the upper limit of our budget this high. She commented that others had said oh it's not the final budget it just

sets the ceiling. She continued that once you set the ceiling you pretty much set what you're going to do. She didn't want to set the ceiling that high. She will support the property tax increase when it comes forward in June and this is for a totally different reason. She truly believes that is something that was outside of Council control. It was not by any vote that the City did, it was the City's policies which were always very good to pay off our debt at an accelerated rate. The only problem is everyone knows what's happened to the assessed valuation, you have all seen it in your own homes and if someone has a business. She continued that the assessed valuation dropped while the payment plan the City had arranged started rising. So she will support the property tax rate. But she will not support this budget because she believes very strongly that it is the wrong thing to do at this time. She thanked everyone for the opportunity to express her position.

Resolution No. 4576 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, ADOPTING A TENTATIVE BUDGET OF THE AMOUNTS REQUIRED FOR THE PUBLIC EXPENSE FOR THE CITY OF GLENDALE FOR THE FISCAL YEAR 2012-2013; SETTING FORTH THE REVENUE, THE AMOUNT TO BE RAISED BY DIRECT PROPERTY TAXATION FOR THE VARIOUS PURPOSES; AND GIVING NOTICE OF THE TIME FOR HEARING TAXPAYERS AND FOR FIXING TAX LEVIES.

It was moved by Clark, and seconded by Frate, to adopt a resolution approving the FY2012-13 tentative budget; directing publication of the tentative budget; and giving notice of the date for public hearings on the final budget and property tax levy and the date for the adoption of the property tax levy. The motion carried. Ayes: Clark, Frate, Knaack and Martinez. Nays: Alvarez, Lieberman and Scruggs.

9. INTERGOVERNMENTAL AGREEMENT WITH ARIZONA DEPARTMENT OF TRANSPORTATION TO LEASE PROPERTY FOR A PARKING LOT AT WESTGATE CITY CENTER

Jamsheed Mehta, AICP, Executive Director, Transportation Services, presented this item.

This is a request for City Council to adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement (IGA) with the Arizona Department of Transportation (ADOT) for the lease of 9.84 acres of property at the southeast corner of Glendale Avenue and Loop 101.

The city is required to provide parking spaces at Westgate City Center through its agreements with the Arizona Sports and Tourism Authority (AZSTA), the Arizona Cardinals (Cardinals), Coyote Center Development, LLC and Arena Development, LLC. Until full build-out of this Planned Area Development (PAD), it has always been the understanding of the parties involved that this parking will be relocated as necessary to accommodate construction while maintaining the minimum number of spaces required. The city is fulfilling its agreements for parking with the 3,000 parking spaces in the area known as Westgate. With the construction of the Tanger Factory Outlet Center, alternative parking spaces have been identified to meet the city's obligation for adequate parking for major events in the Sports and Entertainment District.

Steps we are taking to meet the parking obligations include 3 lease agreements, one access agreement and one contract for paving. Two are on tonight's agenda, and the remaining three will come back to the meeting of June 12, 2012 for approval.

One of the three parcels identified for this purpose is a 9.84-acre parcel owned by ADOT. ADOT staff supports the city's intended use of the property. However, if ADOT needs the parcel for transportation purposes, the parcel will revert back to ADOT.

This lot is located at the southeast corner of Glendale Avenue and Loop 101. This parcel will provide an estimated 1,087 parking spaces. The rental rate will be \$9,045 per year, and the lease will be automatically extended each year for an indefinite period.

On September 28, 2004, Council adopted a resolution authorizing the entering into of a Memorandum of Agreement with the Arizona Cardinals and the AZSTA for a multiuse stadium and related improvements.

On May 27, 2003, Council authorized the approval of the Parking License and Agreement with Covenants, Conditions and Restrictions with the AZSTA and the Arizona Cardinals. That agreement was amended on August 15, 2005.

Funds are available in the FY 2011-12 capital improvement plan. The cost of lighting is estimated at \$1,000 per evening event and these funds are available in the Stadium, Fiesta Bowl, and Arena Transportation Operation accounts.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
	X		X		\$9,045

Account Name, Fund, Account and Line Item Number:

New Development Infrastructure, Account No. 2100-84407-550800, \$9,045

The recommendation is to waive reading beyond the title and adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement with the Arizona Department of Transportation for the lease of 9.84 acres of property at the southeast corner of Glendale Avenue and Loop 101.

Resolution No. 4577 New Series was read by number and title only, it being A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING AND DIRECTING THE ENTERING INTO OF AN INTERGOVERNMENTAL AGREEMENT ENTITLED, "RENTAL AGREEMENT FOR UNIMPROVED OR VACANT PROPERTIES" WITH THE ARIZONA DEPARTMENT OF TRANSPORTATION TO LEASE PROPERTY FOR A PARKING LOT AT WESTGATE CITY CENTER.

It was moved by Frate, and seconded by Martinez, to adopt a resolution authorizing the City Manager to enter into an intergovernmental agreement with the Arizona Department of Transportation for the lease of 9.84 acres of property at the southeast corner of Glendale Avenue and Loop 101. The motion carried unanimously.

BIDS AND CONTRACTS

10. THE NEW WESTGATE, LLC TEMPORARY PARKING AGREEMENT

Brian Friedman, Economic Development Director, presented this item.

This is a request for City Council to authorize the City Manager to enter into a temporary parking agreement with The New Westgate, LLC (TNW) for the use of Lot 5 of Westgate generally located south of the southwest corner of Glendale and 91st Avenues.

The city is required to provide parking spaces at Westgate City Center through its agreements with the Arizona Sports and Tourism Authority (AZSTA), the Arizona Cardinals, Coyote Center Development, LLC and Arena Development, LLC. Until full build out of this Planned Area Development (PAD), it has always been the understanding of the parties involved that this parking will be relocated as necessary to accommodate new construction while maintaining the minimum number of spaces required. With the construction of the Tanger Factory Outlet Center, alternative parking spaces have been identified to meet the city's obligation for adequate parking for major events in the Sports and Entertainment District.

One of the three parcels identified for this purpose is Lot 5 of Westgate owned by TNW. Lot 5 is generally located south of the southwest corner of Glendale and 91st Avenues. This parcel will provide an estimated 1,648 parking spaces. The initial use of this lot is for one year with this temporary parking agreement expiring on June 30, 2013.

The city agrees to reimburse TNW for the 1,648 temporary spaces in an amount equal to 50% of the construction and paving costs. The city will also reimburse TNW for 50% of the costs of maintaining the 1,648 temporary spaces. The city will pay 50% of the costs of the portable temporary lighting fixtures used to light the 1,648 temporary spaces, including maintenance costs of such lighting equipment and provision of fuel. The city will also reimburse TNW for the full cost real estate taxes on the property for tax year 2012.

On September 28, 2004, Council adopted a resolution authorizing the entering into of a Memorandum of Agreement with the Arizona Cardinals and the AZSTA for a multiuse stadium and related improvements.

On May 27, 2003, Council authorized the approval of the Parking License and Agreement with Covenants, Conditions and Restrictions with the AZSTA and the Arizona Cardinals. That agreement was amended on August 15, 2005.

Funds are available in the FY 2011-12 capital improvement plan. The associated lease cost of \$106,000 is an estimate subject to change as it is based on the rate equal to the full cost real

estate taxes on the property for tax year 2012. The city estimates \$250,000 will cover the city's obligated reimbursements to TNW per the agreement.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
	X		X		\$356,000

Account Name, Fund, Account and Line Item Number:

New Development Infrastructure, Account No. 2100-84407-550800, \$356,000

The recommendation is to authorize the City Manager to enter into a temporary parking lease agreement with The New Westgate, LLC for the use of Lot 5 of Westgate generally located south of the southwest corner of Glendale and 91st Avenues.

It was moved by Clark, and seconded by Lieberman, to authorize the City Manager to enter into a temporary parking lease agreement with The New Westgate, LLC for the use of Lot 5 of Westgate generally located south of the southwest corner of Glendale and 91st Avenues. The motion carried unanimously.

11. AWARD OF BID FOR ARROWHEAD RANCH WATER RECLAMATION FACILITY ULTRAVIOLET UPGRADE AND WELL 43 MODIFICATION

Craig Johnson, P.E., Executive Director, Water Services, presented this item.

This is a request for City Council to award a bid and authorize the City Manager to enter into a construction agreement with MGC Contractors, Inc. in an amount not to exceed \$2,721,871 for the construction of an upgraded ultraviolet disinfection system at the Arrowhead Ranch Water Reclamation Facility (ARWRF) and for equipment and installation of a variable frequency drive at Well 43.

In November 2009, the City of Glendale received federal stimulus funding through the Energy Efficiency and Conservation Block Grant (EECBG) program, managed by the United States Department of Energy, for several energy related projects throughout the city.

Two of the projects submitted by the Water Services Department included the design and procurement of an energy efficient ultraviolet (UV) system upgrade at the ARWRF, and energy efficient equipment at Well 43.

Total equipment and initial system testing, design costs, and construction for the two projects are anticipated to be \$5,130,132. The table below shows detail of the funding sources.

Activity Description	EECBG Funding	Water Services Capital Improvement Project Funding	Total
UV Equipment and Initial Systems Testing for ARWRF-Trojan	\$806,000	\$325,357	\$1,131,357

Technologies			
Design and Construction Administration for ARWRF and Well 43-Black and Veatch Corp	\$202,500	\$1,074,404	\$1,276,904
Equipment and Installation for Well 43 and Installation of UV equipment for ARWRF-MCG Contractors, Inc. Construction	\$75,000	\$2,646,871	\$2,721,871
Total Grant and CIP Funding	\$1,083,500	\$4,046,632	\$5,130,132

The UV system project will replace the existing system with energy efficient low pressure UV lamps. The UV equipment purchases and professional services for design have been completed. Remaining is the construction and initial system testing of the two projects.

These improvements will reduce electrical and maintenance costs, enhance disinfection system reliability, and ensure continued regulatory compliance. The upgraded UV system is estimated to save \$200,000 annually in operating costs. In addition, the Well 43 equipment will increase efficiency, and will save an estimated \$20,000 annually in operating costs.

An Invitation for Bid was issued, and four bids were received. MGC Contractors, Inc. submitted the lowest responsive and qualified bid.

On June 14, 2011, a construction agreement with Trojan Technologies for furnishing ultraviolet equipment and initial system testing was approved by Council.

On August 31, 2010, Council authorized the City Manager to enter into a professional services agreement with Black & Veatch Corporation to provide design and construction administration services for ultraviolet disinfection system upgrades at the ARWRF and the Well 43 variable frequency drive addition.

On March 23, 2010, Council adopted a resolution authorizing the City Manager to accept the EECBG funding in the amount of \$2,324,000.

The ultraviolet disinfection system upgrade will benefit the community by continuing to provide energy efficient high-quality effluent water to customers in the area.

Funding is available through the EECBG program and the Water Services Department FY 2011-12 capital improvement plan. Well 43 grant funding is available in the amount of \$75,000 with the remaining project funds of \$2,646,871 being paid by the Water Services Department. Operating costs, once installations are completed, will be reduced with anticipated cost savings of \$220,000 annually.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
X	X		X		\$2,721,871

Account Name, Fund, Account and Line Item Number:

Well 43 Variable Frequency Drive Retrofit, Account No. 1842-37061-518200, \$75,000
 Arrwhd Wtr Reclam Fac Imps, Account No. 2360-60007-550800, \$2,646,871

The recommendation is to award the bid and authorize the City Manager to enter into a construction agreement with MGC Contractors, Inc. in an amount not to exceed \$2,721,871 for construction of an upgraded ultraviolet disinfection system at the Arrowhead Ranch Water Reclamation Facility and for equipment and installation of a variable frequency drive at Well 43.

It was moved by Clark, and seconded by Lieberman, to award the bid and authorize the City Manager to enter into a construction agreement with MGC Contractors, Inc. in an amount not to exceed \$2,721,871 for construction of an upgraded ultraviolet disinfection system at the Arrowhead Ranch Water Reclamation Facility and for equipment and installation of a variable frequency drive at Well 43. The motion carried unanimously.

12. AWARD OF PROPOSAL FOR AMERICANS WITH DISABILITIES ACCESS AUDIT OF PARKS AND RECREATION FACILITIES

Erik Strunk, Executive Director, Parks, Recreation and Library Services, presented this item.

This is a request for City Council to award the proposal and authorize the City Manager to enter into a professional services agreement with Recreation Accessibility Consultants, LLC for an Americans with Disabilities Act (ADA) access audit of parks and recreation facilities in order to meet Title II of the 2010 Design Standards issued by the Department of Justice (DOJ).

In September 2010, the DOJ published new, national, ADA design standards that require all jurisdictions with parks and recreation facilities to comply. The regulations call for enforceable accessibility standards known as the “2010 ADA Standards for Accessible Design.” By issuing this ruling, the DOJ requires each jurisdiction with parks and recreation facilities to conduct an audit and develop an action plan for compliance with the new rule, which took effect on March 15, 2012. The ruling affects more than 80,000 departments of state and local government and their respective parks and recreation facilities.

The request for proposal 12-23 was developed and advertised to solicit interested businesses to conduct a comprehensive accessibility audit of 91 parks and city facilities. Five firms from across the country responded. The firm of Recreation Accessibility Consultants, LLC was selected as the most responsive offer. Recreation Accessibility Consultants, LLC is nationally recognized for their work with public and private agencies regarding compliance with the ADA access and inclusion mandates.

This ADA access audit of parks and other facilities will provide a complete inventory, an agency-wide summary report, and a prioritized transition plan in order to meet Title II

regulations of the ADA. The scope of the audit will include playgrounds, sports fields, tennis courts, swimming pools, golf courses and other recreation facilities.

The audit will assist the city to develop a long-term plan of action with regard to the new ADA design requirements. This will ensure compliance with the new regulations and a Glendale parks and recreation system that strives to be open and accessible to all Glendale residents and visitors.

Interested persons, including individuals with disabilities or organizations representing individuals with disabilities, will have an opportunity to participate in the self-evaluation process by submitting comments. This project will also be reviewed and discussed with the Parks and Recreation Advisory Commission.

There is sufficient fund balance in the Parks and Recreation Self Sustaining budget to pay the \$98,646 required for the audit. Appropriation will be transferred from Parks and Recreation grant appropriation 1840-35004-510200.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
				X	\$98,646

Account Name, Fund, Account and Line Item Number:

Parks & Recreation Self Sustaining, Account No. 1880-14820-518200, \$98,646

The recommendation is to award the proposal and authorize the City Manager to enter into a professional services agreement with Recreation Accessibility Consultants, LLC for an Americans with Disabilities Act access audit of parks and recreation facilities in order to meet Title II of the 2010 Design Standards issued by the Department of Justice.

Councilmember Knaack asked if this action was addressed in the Parks Master Plan. Erik Strunk, Executive Director, Parks, Recreation and Library Services, noted this particular item was not, however, there had been repeated references to providing accessibility for those with disabilities in the community at their Parks and Recreation facilities.

Vice Mayor Frate inquired how long this will take to complete. Mr. Strunk replied it will take five to six months.

It was moved by Martinez, and seconded by Frate, to award the proposal and authorize the City Manager to enter into a professional services agreement with Recreation Accessibility Consultants, LLC for an Americans with Disabilities Act access audit of parks and recreation facilities in order to meet Title II of the 2010 Design Standards issued by the Department of Justice. The motion carried unanimously.

13. PURCHASE OF NEW RADIO FREQUENCY IDENTIFICATION SYSTEM FOR GLENDALE PUBLIC LIBRARY

Cheryl Kennedy, Chief Librarian, presented this item.

This is a request for City Council to authorize the City Manager to enter into a sole source purchase agreement with 3M in an amount not to exceed \$318,972.66 for the purchase of a Radio Frequency Identification System (RFID) and operating accessories for the Glendale Public Library.

The City of Glendale library system currently utilizes a barcode and “tattle-tape” system in the circulation of its library materials. This system is no longer efficient as every item has to be physically handled to be circulated (there were approximately 2,134,361 items circulated by the Library system in 2011). In keeping with industry best practices and to ensure excellent customer service to the city’s library patrons, a more efficient, less labor intensive, circulation technology is needed.

RFID is a technology that remotely stores and retrieves data using devices called RFID tags that can easily be incorporated into library materials such as books, DVD’s and CD’s. The tag is a programmable micro-chip and antenna. RFID allows the use of a single label for both circulation and security. When newly acquired media are entered into the collection, only one tag needs to be attached. Staff productivity would improve as entire bins of books could be checked-in by a large RFID reader or via a hand-held portable scanner. RFID is basically a technology that reduces the frequency in which materials must be handled to one time, resulting in better customer service and enhanced staff productivity.

The advantages of an RFID system are:

- Enhanced Customer Service – Library patrons will be able to check-out multiple items at the same time by moving them across a checkout pad without opening or handling the materials. Under the current system, barcode reading requires the patron to align the barcode with the infrared beam on every item as one barcode can only be read at a time.
- Misplaced Items - This capability is seen as increasing service to patrons who place “holds” on items by making it easier for staff to find the requested items. It has the potential to reduce the staff time spent searching for items that are listed as inventory, but cannot immediately be located.
- System Mobility - RFID offers the ability to perform inventories using hand-held scanners. This allows a library to do an inventory without having to remove items from the shelves as is necessary when doing an inventory on bar-coded items which involves lists being corrected manually and then transferred to the database by hand. Inventory, tracking of lost items, shelf reading and all work associated with checking the shelves become much easier using the portable readers.

This technology has been used to enhance library services throughout the nation and is currently used at other library systems in the Valley (Chandler, Maricopa County Library District, Mesa, Peoria, Phoenix, and Scottsdale).

The Library currently owns 3M Self-Check machines that are RFID ready. Given its compatibility with existing equipment, the uniqueness of the item, proprietary specifications,

unique service, and cost savings to the city, the rest of the RFID equipment will be purchased from 3M as a sole source purchase.

The library has submitted all necessary documentation to request sole source procurement, and after careful review, the Materials Manager concurs that sole source procurement is appropriate under City Code.

As RFID technology has been acquired and implemented nationally and locally, it has been presented to the Library Advisory Board on numerous occasions. The Board has been supportive of its acquisition and implementation for the Glendale Library System. The acquisition of this new technology was also discussed as a part of the recent city budget review process and the savings in staff time have been factored into the Library's FY13 operating budget.

Utilizing RFID will promote department efficiency and better meet customer service needs of patrons and staff. It will result in more staff time available to provide direct assistance to library patrons, and enable staff to work more efficiently.

Funding is available in the FY 2011-12 Library Book Fund budget for the purchase of the RFID system. No additional money from the General Fund will be needed for annual operating and maintenance costs as it will be covered in the existing Library Book Fund budget.

Grants	Capital Expense	One-Time Cost	Budgeted	Unbudgeted	Total
			X		\$318,972.66

Account Name, Fund, Account and Line Item Number:

Library Book Fund, Account No. 1260-15410-551400, \$318,972.66

The recommendation is to authorize the City Manager to enter into a sole source purchase agreement with 3M in an amount not to exceed \$318,972.66 for the purchase of a Radio Frequency Identification System and operating accessories for the Glendale Public Library.

Vice Mayor Frate asked how long after they approve this item will it go into effect. Cheryl Kennedy, Chief Librarian, replied approximately four months.

Councilmember Knaack commented this showed the city was not abandoning the libraries and are always striving to improve them for the enjoyment of the community.

Mayor Scruggs asked how many cities have been going to this. She commented that it looks like most are moving towards this system. Ms. Kennedy stated she was correct and continued that all of the valley cities have already incorporated RFID into their libraries. Glendale was one of the last cities to do so.

It was moved by Frate, and seconded by Martinez, to authorize the City Manager to enter into a sole source purchase agreement with 3M in an amount not to exceed \$318,972.66 for

the purchase of a Radio Frequency Identification System and operating accessories for the Glendale Public Library. The motion carried unanimously.

ORDINANCES

14. PUBLIC NUISANCES ORDINANCE

Sam McAllen, Code Compliance Director, presented this item.

This is a request for City Council to adopt an ordinance amending Glendale City Code Chapter 25 relating to animal noise, odor or excessive noise.

A review of current City Code provisions related to dog barking, odor, and excessive noise were found to need further clarification by the City Court, City Prosecutor's Office, and Code Compliance Department. This matter was discussed at City Council workshops on October 4, 2011 and May 1, 2012. Council provided input to expand ordinance provisions associated with dog barking to address noises made by all animals, and specified that two or more independent witnesses who are not related must be negatively impacted by animal noise, odor or excessive noise to support public nuisance violations. Based upon the input provided by Council, staff recommends amending Glendale City Code Chapter 25 to clarify the respective provisions.

On May 1, 2012 and October 4, 2011, during regular workshop sessions, Council provided input regarding proposed amendments of Glendale City Code Chapter 25 relating to public nuisances.

On February 27, 2001, Council adopted Ordinance No. 2186, New Series, addressing dog barking noises, odors and excessive noises.

Amending City Code Chapter 25 enhances the city's ability to take enforcement action, if voluntary compliance is not obtained, related to animal noise, odor and excessive noise violations that are negatively impacting Glendale residents.

The recommendation is to waive reading beyond the title and adopt an ordinance amending Glendale City Code Chapter 25 relating to animal noise, odor or excessive noise.

Councilmember Clark remarked the whole Council had some constituents that were delighted that this ordinance was finally coming to pass and being addressed.

Ordinance No. 2802 New Series was read by number and title only, it being AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AMENDING GLENDALE CITY CODE CHAPTER 25, ARTICLE II, SEC. 25-24 AND ARTICLE V, SEC. 25-64 RELATING TO ANIMAL NOISES, ODORS AND EXCESSIVE NOISES; AND SETTING FORTH AN EFFECTIVE DATE.

It was moved by Lieberman, and seconded by Clark, to approve Ordinance No. 2802 New Series. Motion carried on a roll call vote, with the following Councilmembers voting "aye":

Alvarez, Clark, Lieberman, Knaack, Martinez, Frate, and Scruggs. Members voting “nay”: none.

15. FISCAL YEAR 2011-12 BUDGET AMENDMENTS

Sherry M. Schurhammer, Executive Director, Financial Services, presented this item.

This is a request for City Council to adopt an ordinance approving the Fiscal Year (FY) 2011-12 budget amendments.

A budget amendment is a transfer of appropriation authority and most amendments are done to reconcile the prior fiscal year’s actual savings with requested carryover. Overall, the City of Glendale’s total FY 2011-12 budget appropriation across all funds is unchanged.

Most of the budget amendments are associated with capital projects. During the course of FY 2010-11, capital project carryover was reconciled to actual savings from the prior fiscal year. When departments prepared their FY 2010-11 capital project budgets, they estimated their amount of carryover savings. The Financial Services Department subsequently reconciled each department’s actual savings from the prior fiscal year with their estimated carryover budget for FY 2010-11 and then increased or decreased their budgets accordingly.

Other budget amendments are associated with appropriation changes between departments to accommodate actual spending activity. The budget represents a plan for spending and is established several months before the current FY commenced. As actual spending activity occurs, transfers of appropriation authority within and between departments is required to reflect changes to the initial spending plan. The causes of changes to the initial spending plan can be summarized as follows: unexpected expenses arise due to unforeseen circumstances and planned spending does not occur as work plans are modified to address changing circumstances.

Council approved a similar ordinance for FY 2010-11 on January 24, 2012.

Overall, the City of Glendale’s total FY 2011-12 budget appropriations across all funds remain unchanged.

The recommendation is to waive reading beyond the title and adopt an ordinance approving the FY 2011-12 budget amendments.

Councilmember Lieberman wondered as to the total of the appropriation authorization. Sherry M. Schurhammer, Executive Director, Financial Services, stated she did not have the total with her but will get it to him later.

Mayor Scruggs commented that for full disclosure, because a lot of people are wondering about this, you really need to or somebody needs to talk about the item that is on the bottom of page 6 of 9, the very last item, page 6 of 9 of exhibit A.

Ms. Schurhammer explained this item relates to a transfer of \$5 million in appropriation authority for the arena management fee for FY12. As part of the FY12 budget, \$20 million for an arena management fee was included in the FY 2012 Council-adopted budget. However, the NHL payment could be up to \$25 million. Therefore this action identifies the appropriation authority for the additional \$5 million. She noted that at this point it has not been spent. This ensures the payment is not held up because of missing appropriation authority.

Mayor Scruggs commented that there was a reporter from the Arizona Republic doing a story and she had already been asked questions so wanted to make sure the information was disclosed here. She commented that the information presented showed a general fund/HURF contingency; she asked if HURF funds were being used for the management fee.

Ms. Schurhammer stated this was not the use of HURF funds but the use of HURF contingency appropriation authority. She emphasized that only HURF eligible expenses are charged to HURF funds.

Mayor Scruggs asked what funds would be used when the transfer takes place in a week or two.

Ms. Schurhammer explained if payment has to be made, staff will return to Council to talk about inter-fund loans.

Mayor Scruggs commented that the appropriation from HURF was being done then because HURF is the only one that has enough money.

Ms. Schurhammer stated HURF has the appropriation authority.

Mayor Scruggs commented that someone would likely get some calls because they want to understand this, they want to understand the first \$20 million, how that came about - to come out of our enterprise fund instead of the general fund. She stated that Ms. Schurhammer had not yet explained the information.

Councilmember Alvarez asked a question on line 270. Ms. Schurhammer explained that line reflected an appropriation and a cash transfer. She said there were three cash transfers in the exhibit. She explained that the appropriation authority and cash transfers for the Workers Compensation Fund are needed because of this FY's unusually high claims activity. .

Mayor Scruggs asked if that had anything to do with the employee trust fund. Ms. Schurhammer replied no.

Mayor Scruggs asked if there were any movements out of employee benefits on here. Ms. Schurhammer replied no.

Ordinance No. 2803 New Series was read by number and title only, it being AN ORDINANCE OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE TRANSFER OF APPROPRIATION

AUTHORIZATION BETWEEN BUDGET ITEMS IN THE ADOPTED FISCAL YEAR 2011-12 BUDGET.

It was moved by Knaack, and seconded by Clark, to approve Ordinance No. 2803 New Series. Motion carried on a roll call vote, with the following Councilmembers voting “aye”: Alvarez, Clark, Lieberman, Knaack, Martinez, Frate, and Scruggs. Members voting “nay”: none.

REQUEST FOR FUTURE WORKSHOP AND EXECUTIVE SESSION

It was moved by Frate, and seconded by Knaack, to hold a City Council Workshop at 1:30 p.m. in Room B-3 of the City Council Chambers on Tuesday, June 5, 2012, to be followed by an Executive Session pursuant to A.R.S. 38-431.03. The motion carried unanimously.

CITIZEN COMMENTS

Arthur Thruston, a Cactus resident, updated the Council on the Coyote game. The Coyotes lost 4 to 3 in overtime. He stated because of the loss tonight the city now owes \$25 million to the NHL. He completely disagrees with Councilmembers Knaack, Frate, Clark, and Martinez’s decision regarding their vote; however, he still supports the Council and will do anything in his power to help the city.

Anthony Kern, a Sahuaro resident, suggested the city opened up the management fee agreement for a competitive bid since there were many options to consider. He noted the \$17 million going to Mr. Jamison was ludicrous and should be voted down. This will enable the city to use that money for city services. He recommends the Council hold off hiring a new City Manager until the new Council was seated and believes the new Council should do the voting and the hiring.

COUNCIL COMMENTS AND SUGGESTIONS

Vice Mayor Frate commented on a letter that highly complimented the city on their loose trash pickup. He reminded everyone to watch children around water.

Councilmember Martinez commented on an email he received from Mr. Mehta from a citizen complementing the city and Council on the new traffic lights. He stated that it was staff’s great work that makes the Council look good to the public. He commended city staff for the wonderful work they do every day.

Councilmember Knaack thanked staff for all they do and for hanging in there with the Council through this difficult budget process. She reminded everyone that Monday was Memorial Day and asked everyone to do something to remember those who have served their county bravely.

Mayor Scruggs thanked the Council for their comments. She asked for the city attorney’s assistance on a particular item since she mentioned she was going to do this. She continued that most of the people that watch these meetings she believes are also the hearty souls who read the Glendale Star. And of course, she knows all of the staff does that too. And the Glendale Star took an interesting and unusual position last week. Mayor Scruggs had made a comment or a

statement that she had not seen any lease documents related to this current perspective buyer of the Coyotes team. And the publisher of the Star for some unknown reason decided that he'd put it up to a public poll of the citizens asking if whether or not she was telling the truth or telling a lie. And she found that kind of an odd thing to do and really pretty disheartening. So for everybody who might read the Star, because she is sure this was an online poll and normally what they do is they take the online poll and they print it in the newspaper the following week. So she believed that on Thursday everyone would be able to see the readers vote on whether the Mayor lied or not. She continued, asking to do a little question and answer here. She asked Mr. Tindall if anybody other than him or members of his office or people that he hired to prepare lease documents would handle the documents that the City of Glendale would vote on having to do with entering into an arena management lease agreement?

Mr. Tindall stated that no one other than his department and himself would handle those documents.

Mayor Scruggs commented that Council received at about 8:30 p.m. Friday night, a white sealed envelope. And in there was an arena management agreement – draft form – not finalized – arena management agreement and legal sent a relocation agreement in there. She asked Mr. Tindall if those were the first agreements of that type that have been prepared.

Mr. Tindall replied those were the first agreements that were provided to Council and the first agreements that had been prepared.

Mayor Scruggs asked if she had been provided with any agreements previous to that that had to do with arena management lease agreements with this Mr. Jamison and whoever he is in business with.

Mr. Tindall replied no.

Mayor Scruggs commented so she had been telling the truth. She continued that she was disappointed that because the Glendale Star had some bad situations or interactions with city staff over the years, they decided to do that. But she believes it's important that everybody knows that all the agreements come out of our city attorney's office and Mayor and Council have seen nothing and that's the truth. So, thank you all and thanks for the reminder of Memorial Day.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:50 p.m.

Pamela Hanna

Pamela Hanna - City Clerk